

HOUSE BILL NO. 194

INTRODUCED BY G. MATTHEWS

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE REPORTING REQUIREMENTS FOR THE QUARTERLY PAYMENT OF OIL AND NATURAL GAS PRODUCTION TAXES; CLARIFYING THE DISTRIBUTION OF OIL AND NATURAL GAS PRODUCTION TAXES ALLOCATED TO EACH COUNTY; AMENDING SECTIONS 15-36-311 AND 15-36-331, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-36-311, MCA, is amended to read:

"15-36-311. Quarterly payment of tax -- statement -- failure to pay penalty. (1) The oil and natural gas production tax must be paid in quarterly installments for the quarterly periods ending, respectively, March 31, June 30, September 30, and December 31 of each year, and the amount of the tax for each quarterly period must be paid to the department within 60 days after the end of each quarterly period.

(2) The operator shall complete on forms prescribed by the department a statement showing the total number of barrels of merchantable or marketable oil or cubic feet of natural gas produced and sold ~~from pre-1985 wells and post-1985 wells~~ by the person in the state during each month of the quarter and during the whole quarter, the average value of the production sold during each month, and the total value of the production sold for the whole quarter, together with the total amount due as taxes for the quarter. The statement must be filed within the time provided in subsection (1). The statement must be accompanied by the tax due. The statement must be signed by the individual or the president, vice president, treasurer, assistant treasurer, or authorized agent of the association, corporation, joint-stock company, or syndicate making the statement. A person engaged in carrying on business at more than one place in this state or owning, leasing, controlling, or operating more than one oil or gas well in this state may include all operations in one statement.

(3) If the tax is not paid on or before the due date, there must be assessed penalty and interest as provided in 15-1-216. The department may waive any penalty pursuant to 15-1-206."

Section 2. Section 15-36-331, MCA, is amended to read:

"15-36-331. Distribution of taxes. (1) (a) For each calendar quarter, the department shall determine the amount of tax, late payment interest, and penalties collected under this part.

(b) For the purposes of distribution of oil and natural gas production taxes to county and school district taxing units under 15-36-332 and to the state, the department shall determine the amount of oil and natural gas production taxes paid on production in the taxing unit.

(2) The amount of oil and natural gas production taxes collected for the privilege and license tax pursuant to 82-11-131 must be deposited, in accordance with the provisions of 15-1-501, in the state special revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.

(3) (a) For tax year ~~2003~~ 2004 and succeeding tax years, the amount of oil and natural gas production taxes determined under subsection (1)(b) ~~plus the phased-out amount distributed pursuant to 15-36-324(12)(b) as that section read on December 31, 2002,~~ is allocated to each county according to the following schedule:

	2003	2004	2005	2006 and succeeding tax years
Big Horn	45.03%	45.04%	45.04%	45.05%
Blaine	57.56%	57.84%	58.11%	58.39%
Carbon	50.24%	49.59%	48.93%	48.27%
Chouteau	56.67%	57.16%	57.65%	58.14%
Custer	103.63%	92.27%	80.9%	69.53%
Daniels	48.31%	49.15%	49.98%	50.81%
Dawson	56.32%	53.48%	50.64%	47.79%
Fallon	39.89%	40.52%	41.15%	41.78%
Fergus	112.2%	97.86%	83.52%	69.18%
Garfield	54.51%	51.66%	48.81%	45.96%
Glacier	76.56%	70.65%	64.74%	58.83%
Golden Valley	55.5%	56.45%	57.41%	58.37%
Hill	66.97%	66.15%	65.33%	64.51%
Liberty	63.32%	61.53%	59.73%	57.94%
McCone	58.75%	55.81%	52.86%	49.92%
Musselshell	57.06%	54.25%	51.44%	48.64%
Petroleum	67.8%	61.21%	54.62%	48.04%

1	Phillips	53.3%	53.54%	53.78%	54.02%
2	Pondera	104.14%	87.51%	70.89%	54.26%
3	Powder River	64.7%	63.44%	62.17%	60.9%
4	Prairie	38.43%	39.08%	39.73%	40.38%
5	Richland	45.23%	45.97%	46.72%	47.47%
6	Roosevelt	46.75%	46.4%	46.06%	45.71%
7	Rosebud	37.41%	38.05%	38.69%	39.33%
8	Sheridan	46.64%	47.09%	47.54%	47.99%
9	Stillwater	56.05%	55.2%	54.35%	53.51%
10	Sweet Grass	58.23%	59.24%	60.24%	61.24%
11	Teton	53.01%	50.71%	48.4%	46.1%
12	Toole	56.2%	56.67%	57.14%	57.61%
13	Valley	59.82%	57.02%	54.22%	51.43%
14	Wibaux	47.71%	48.19%	48.68%	49.16%
15	Yellowstone	50.69%	49.37%	48.06%	46.74%
16	All other counties	50.15%	50.15%	50.15%	50.15%

17 (b) The oil and natural gas production taxes allocated to each county must be deposited in the state
 18 special revenue fund and transferred to each county for distribution, as provided in 15-36-332.

19 (4) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of
 20 oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3) as
 21 follows:

22 (a) ~~for the fiscal year ending June 30, 2003, to be distributed as follows:~~

23 ~~—— (i) a total of \$400,000 to the coal bed methane protection account established in 76-15-904; and~~

24 ~~—— (ii) all remaining proceeds to the state general fund;~~

25 ~~(b) for the fiscal year beginning July 1, 2003 2004, through the fiscal year ending June 30, 2011, to be~~
 26 distributed as follows:

27 (i) 1.23% to the coal bed methane protection account established in 76-15-904;

28 (ii) 2.95% to the reclamation and development grants special revenue account established in 90-2-1104;

29 (iii) 2.95% to the orphan share account established in 75-10-743;

30 (iv) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the

1 purposes of the state tax levy as provided in 20-25-423; and

2 (v) all remaining proceeds to the state general fund;

3 ~~(e)~~(b) for fiscal years beginning after June 30, 2011, to be distributed as follows:

4 (i) 4.18% to the reclamation and development grants special revenue account established in 90-2-1104;

5 (ii) 2.95% to the orphan share account established in 75-10-743;

6 (iii) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the
7 purposes of the state tax levy as provided in 20-25-423; and

8 (iv) all remaining proceeds to the state general fund."

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10 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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12 NEW SECTION. **Section 4. Retroactive applicability.** [This act] applies retroactively, within the
13 meaning of 1-2-109, to oil and natural gas production occurring in tax years beginning after December 31, 2004.

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